

April 2010

OPERATION IRAQI FREEDOM

Actions Needed to Facilitate the Efficient Drawdown of U.S. Forces and Equipment from Iraq



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Why GAO Did This Study

The drawdown from Iraq is a complex operation of significant magnitude. Established drawdown timelines dictate a reduction in forces to 50,000 troops by August 31, 2010, and a complete withdrawal of U.S. forces from Iraq by December 31, 2011. While DOD has made progress toward meeting these goals, a large amount of equipment, personnel, and bases remain to be drawn down. Moreover, escalating U.S. involvement in Afghanistan may increase the pressure on DOD to efficiently execute the drawdown.

Due to broad congressional interest in drawdown issues, GAO performed this work under the Comptroller General's Authority. GAO examined (1) the extent to which DOD has planned for the drawdown from Iraq in accordance with set timelines, and (2) factors that may impact the efficient execution of the drawdown. To evaluate these efforts GAO reviewed documents and interviewed officials from over 20 DOD organizations in the U.S., Kuwait, and Iraq.

What GAO Recommends

GAO makes several recommendations to the Secretary of Defense regarding operational planning, the management and transition of contracts, the cost and benefits of transitioning contracts, contract oversight, and DOD's plans for the disposition of equipment. DOD concurred with all but one of GAO's recommendations. GAO revised the last recommendation accordingly.

View [GAO-10-376](#) or [key components](#). For more information, contact Bill Solis at (202) 512-8365 or solisw@gao.gov.

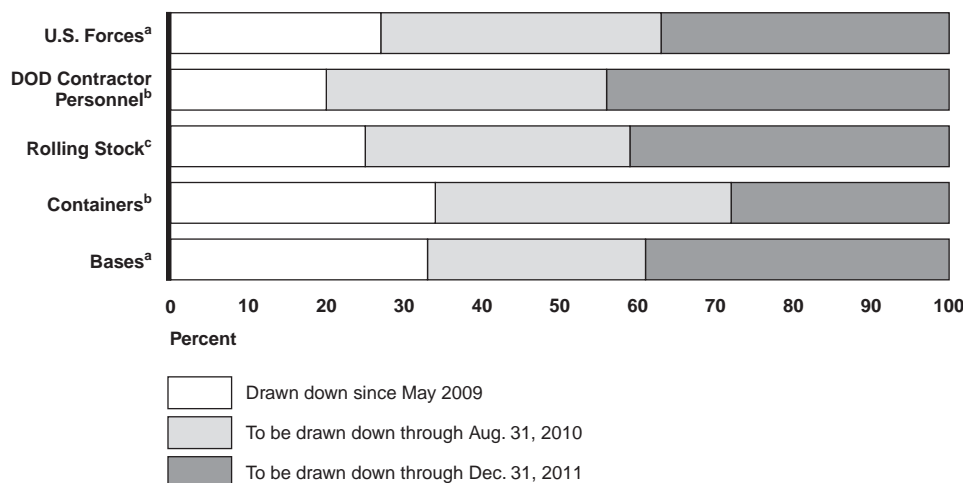
OPERATION IRAQI FREEDOM

Actions Needed to Facilitate the Efficient Drawdown of U.S. Forces and Equipment from Iraq

What GAO Found

Several DOD organizations have issued coordinated plans for the execution of the drawdown and created new organizations to oversee, synchronize, and ensure unity of effort during the drawdown. To date, DOD reports that its drawdown efforts have exceeded its goals. For example, in January 2010, DOD reported that it had exceeded its target figure for withdrawing wheeled and tracked combat vehicles in Iraq, among other items, by over 2,600 pieces, yet a large amount of personnel, equipment, and bases remain to be drawn down. However, DOD has not (1) fully included contracted support in its operational planning for the drawdown, (2) allowed sufficient time in its guidance to ensure that all contracted services can be put on contract in a responsible manner, or (3) clearly defined the roles and responsibilities of various contract validation review boards.

Drawdown Progress Since May 2009 and What Remains to Be Drawn Down through August 31, 2010, and December 31, 2011



Source: GAO analysis based on DOD data.

^aData current as of February 2010.

^bData current as of December 2009.

^cData current as of January 2010.

Several other issues may impede the efficient execution of the drawdown from Iraq. First, challenges associated with the planned simultaneous transition of several major contracts may lead to the interruption of vital services. Second, DOD has not determined whether the benefits of transitioning its major base and life support contract in Iraq outweigh the costs and risks of doing so. Third, shortages of contract oversight personnel may increase the risk of fraud, waste, and abuse. Fourth, key decisions concerning equipment that will be retrograded from Iraq have yet to be made. And finally, DOD lacks precise visibility over its inventory of equipment and shipping containers. While DOD has begun to address some of these issues, GAO has not fully assessed DOD's actions.

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United States Government Accountability Office
Washington, DC 20548

April 19, 2010

Congressional Committees

On November 17, 2008, the United States and the Government of Iraq signed a Security Agreement that took effect on January 1, 2009, which includes a timeline and requirements for the drawdown of U.S. forces from Iraq. In addition, on February 27, 2009, President Obama announced that by August 31, 2010, the U.S. military mission will change from combat to supporting the Iraqi government and its security forces. In light of these developments, Multi-National Force-Iraq (MNF-I) issued a phased plan aligned with goals and time frames set forth by the Security Agreement and the President, including a transition in mission, the reduction of U.S. troops to 50,000 by August 31, 2010, and a complete withdrawal of forces by the end of 2011.

The drawdown is one of several tasks U.S. forces in Iraq are conducting concurrently in a continuously evolving environment during a period of Iraqi political uncertainty. For example, besides overseeing operations in Iraq, MNF-I and its subordinate headquarters merged into a single headquarters called United States Forces-Iraq (USF-I) in January 2010.¹ In addition, brigade combat teams are being replaced by relatively new Advise and Assist Brigades that will focus less on combat operations and more on advising and assisting the Iraqi security forces, providing force protection for U.S. military and civilian personnel and facilities, conducting targeted counter-terrorism operations, and supporting civilian agencies and international organizations in their capacity-building efforts. Moreover, although the Department of Defense (DOD) reported that enemy activity decreased markedly since its highest point in June 2007, the insurgency in Iraq remains dangerous.² For example, according to the USF-I commanding general, Al Qaeda in Iraq retains the capability to execute high-profile attacks. And finally, on December 1, 2009, the President

¹ Many of the initiatives discussed in this report were undertaken before the transition from MNF-I to USF-I. Actions or initiatives undertaken before January 2010 will be attributed to MNF-I or one of its subordinate commands as appropriate. Actions or initiatives taken after January 2010 or that are currently ongoing will be attributed to USF-I.

² DOD, *Measuring Stability and Security in Iraq: Report to Congress in Accordance with the Department of Defense Supplemental Appropriations Act 2008, Section 9204, Public Law 110-252* (July 23, 2009).

announced his decision to send an additional 30,000 troops to Afghanistan, a decision that may impact efforts to draw down U.S. forces from Iraq.

In addition to its military forces, DOD relies on thousands of contractor personnel in Iraq and Kuwait to perform a wide range of tasks essential for the drawdown including repairing military vehicles, providing trucks and drivers for logistics convoys, and maintaining airfields necessary for the retrograde of equipment. According to DOD, there were over 110,000 contractor personnel in Iraq as of fourth quarter fiscal year 2009.³ According to DOD data, approximately 52 percent of these contractor personnel are working under the Logistics Civil Augmentation Program (LOGCAP), the largest single contract supporting operations in Iraq and Kuwait.⁴

When we reported in September 2008 on the progress of planning for the drawdown from Iraq, we concluded that DOD had not adequately delineated roles and responsibilities for executing the drawdown, resulting in a variety of disparate teams engaged in retrograde operations without a unified or coordinated chain of command.⁵ In light of the findings presented in that report, we recommended that the Secretary of Defense, in consultation with U.S. Central Command (CENTCOM) and the military departments, take steps to clarify the chain of command over logistical operations in support of the retrograde effort. DOD generally concurred with this recommendation, and took steps to remedy the unclear chain of command. Since the publication of our September 2008 report, we have continued to monitor DOD's progress in planning for and executing the drawdown and have communicated our preliminary findings in briefings to several congressional committees. We also communicated our preliminary findings during testimony before the Commission on Wartime Contracting

³ We have determined that agency-reported data should not be used to identify trends or draw conclusions about the number of contractor personnel in Iraq due to limitations such as incomplete and inaccurate data. GAO, *Contingency Contracting: DOD, State, and USAID Continue to Face Challenges in Tracking Contractor Personnel and Contracts in Iraq and Afghanistan*, [GAO-10-1](#) (Washington, D.C.: Oct. 1, 2009).

⁴ The Logistics Civil Augmentation Program, commonly referred to as LOGCAP, is a program to provide worldwide logistics and base and life support services in contingency environments, and is currently providing most base and life support in Iraq.

⁵ GAO, *Operation Iraqi Freedom: Actions Needed to Enhance DOD Planning for Reposturing of U.S. Forces from Iraq*, [GAO-08-930](#) (Washington, D.C.: Sept. 10, 2008).

in Iraq and Afghanistan in November 2009.⁶ This report is based upon our continued analysis and observation of DOD's progress in planning for and executing the drawdown from Iraq. Our specific objectives were to determine (1) the extent to which DOD has planned for the drawdown from Iraq in accordance with timelines set by the Security Agreement and presidential direction and (2) factors that may impact the efficient execution of the drawdown.

The planning for and execution of the drawdown has and may continue to change rapidly due to evolving logistics considerations, new rules for the management of certain types of equipment, the uncertain Iraqi political and security environment, and developments elsewhere in the region, particularly Afghanistan. For example, fluid security conditions in Iraq may influence the order in which bases are transferred to the Government of Iraq and the rate of equipment retrograde.⁷ Moreover, the Iraqi elections initially planned for January 16, 2010, did not occur until March 7, 2010, a development that could impact drawdown timelines because DOD's planned troop withdrawal is contingent upon the completion of Iraqi elections and the formation of a new government.

This rapidly changing situation and corresponding evolution in DOD's drawdown planning and execution also impacts our reporting on this issue. For example, in this report we do not discuss two issues raised during our earlier testimony. First, in November 2009 we reported that MNF-I's timely execution of the drawdown from Iraq depends on its obtaining clear guidance as to what equipment can and will be provided to the Government of Iraq and the identification of the mechanisms that will be used for such transfers. According to DOD testimony before Congress, recommendations on equipment that will be transferred to the Government of Iraq and the mechanisms for executing the transfers are complete. However, future progress in executing the transfers may depend in large part on the outcome of ongoing discussions between DOD and the Government of Iraq. Second, we reported two data system weaknesses that hindered DOD's ability to efficiently retrograde equipment. Officials reported that solutions to the issues we identified have been developed

⁶ GAO, *Operation Iraqi Freedom: Preliminary Observations on DOD Planning for the Drawdown of U.S. Forces from Iraq*, [GAO-10-179](#) (Washington, D.C.: Nov. 2, 2009).

⁷ We use the term "retrograde" to indicate the removal of military equipment from an operating area.

and implemented although, according to one DOD official, problems with the data systems may continue to surface and require attention.

To determine the extent to which DOD planned for the drawdown and how these plans conform to the established timelines, we reviewed relevant documents to include DOD, MNF-I, and USF-I plans, command briefings, the Security Agreement, and transcripts of speeches and congressional testimony by U.S. officials. Additionally, we spoke with DOD officials throughout the chain of command in the United States, Kuwait, and Iraq that were involved in the development and execution of drawdown plans. We also drew from our body of previously issued work examining Iraq and drawdown-related issues in order to identify areas in which DOD made improvements to its drawdown plans.⁸ Throughout the engagement, the team also relied upon staff working from our Baghdad Field Office to conduct interviews with officials in theater and to periodically refresh key information.

To identify factors that may impact the efficient execution of the drawdown, we reviewed and analyzed briefings, e-mail correspondence, orders, plans, joint doctrine, DOD guidance, and other data obtained from DOD organizations in the United States, Kuwait, and Iraq. Using this information, we determined the way processes are supposed to work as well as any challenges encountered. While in Kuwait and Iraq, we also visited locations at which various aspects of the redeployment and retrograde process are performed and spoke with local commanders, on-site supervisors, staff officers, among others, about their experiences and challenges. Following our trip to Kuwait and Iraq, we followed up with relevant DOD organizations and officials in the United States and CENTCOM's area of responsibility, to include the USF-I commanding general and his staff, to obtain updated information. Again, we also relied upon our staff working from GAO's Baghdad Field Office to conduct follow-up interviews with officials, observe a drawdown rehearsal exercise in Kuwait, and periodically update key information.

We conducted our work from January 2009 through March 2010 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and

⁸ For a list of this work, see GAO's Web page, Topic Collection: Iraq and Afghanistan, at <http://www.gao.gov/docsearch/featured/oif.html>.

conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Appendix I includes more detailed information on our scope and methodology.

Results in Brief

Several DOD organizations have issued coordinated plans for the execution of the drawdown, but DOD has yet to fully plan for requirements for contracted services needed during the drawdown. Since our September 2008 report, DOD created new organizations to oversee, synchronize, and ensure unity of effort during the drawdown and established goals and metrics for measuring progress. To date, DOD reports that its drawdown efforts have exceeded its goals. For example, as of January 2010, DOD reported that it exceeded its target figure for withdrawing rolling stock in Iraq—which includes wheeled and tracked combat vehicles, some construction equipment, and trailers—by over 2,600 pieces. However, a large amount of personnel, equipment, and bases remain to be drawn down. In addition, although DOD took some steps to plan for contracted services, limited operational planning for contracted support has challenged its ability to identify the full range of its needs for contracted services to support the drawdown; existing processes may not allow sufficient time for all contracted services needed to be put on contract in a responsible manner; and there exists a lack of clarity regarding the roles and responsibilities of various contract validation review boards. Without addressing these issues, DOD risks not having the right contracted services in place to meet drawdown timelines, which may lead to inefficient and wasteful practices as the drawdown continues.

There are several other factors that may impact the efficient execution of the drawdown of U.S. forces from Iraq in accordance with established timelines. First, challenges associated with the planned simultaneous transition of several major contracts may lead to the interruption of services essential to the drawdown effort. Moreover, some of these challenges have not been adequately addressed in DOD plans. For example, ensuring that contractor personnel can obtain the appropriate credentials in a timely manner so that they can assume their positions without risking an interruption of vital services may be problematic. Second, DOD has not determined whether the benefits of transitioning its major base and life support contract in Iraq, LOGCAP, will outweigh the costs and risks that could be incurred as a result of the transition. Without adequate planning and review to identify and weigh the potential benefits, costs, and risks of making the LOGCAP transition in Iraq, DOD cannot ensure that the decision to transition LOGCAP in Iraq will be beneficial to

the government. Third, persistent shortages of qualified contract oversight personnel may increase the risk for fraud, waste, and abuse during the drawdown. Joint doctrine emphasizes that commanders must ensure that appropriate administration and oversight personnel are in place when using contractors. We found, however, that despite a recent policy change that reduces the requirement for oversight personnel for some contracts, other contracts will still have an insufficient number of qualified oversight personnel. Fourth, although DOD has made some improvements in its equipment disposition process, key decisions concerning equipment that will be retrograded from Iraq have yet to be made. According to DOD officials, it is essential that equipment move out of Iraq and Kuwait at a steady pace. However, given the amount of equipment that is and will continue to flow out of Iraq and through Kuwait, it is important that DOD develop contingency plans for the staging of this equipment or pursue alternative retrograde hubs. This is imperative to avoid equipment build-up in Kuwait as equipment awaits onward movement to the designated final destination. Without the necessary contingency plans to stage equipment retrograded from Iraq, DOD may not be able to ensure that equipment required elsewhere is available within the required timelines. Finally, DOD lacks complete visibility over its inventory of equipment and shipping containers, although it is aware of and has taken steps to address this issue.

To ensure DOD can efficiently execute the drawdown of U.S. forces from Iraq in accordance with established timelines, we recommend that the Secretary of Defense ensure that joint and service guidance regarding operational planning for contract support is followed, that contract support requirements are identified in a timely manner, and that the roles and responsibilities of the various contract review boards in CENTCOM be clarified. Furthermore, we recommend that the Secretary of Defense assess and develop options to mitigate risks associated with transitioning contracts in Kuwait and Iraq, analyze the benefits and costs of transitioning its major contract in Iraq, reevaluate plans for contract oversight, and clarify its planning regarding the extent to which Kuwait and other locations in southwest Asia can support the temporary staging of equipment and materiel retrograded from Iraq.

In written comments on a draft of this report, DOD concurred with the first five of our recommendations, but did not concur with our last recommendation. Based on DOD's comments and subsequent discussions with senior officials in the Office of the Secretary of Defense and the Department of the Army, we revised the last recommendation and related sections throughout the report where we discuss the equipment

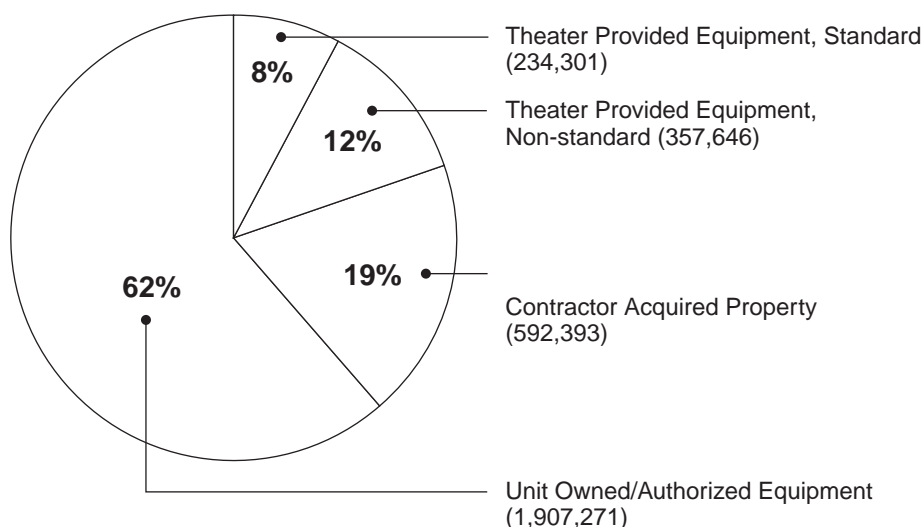
disposition process for moving equipment out of Iraq and Kuwait. The department also provided a number of general and technical comments that we considered and incorporated, as appropriate. The department's comments and our evaluation of those comments are discussed in detail in a later section of this report. A complete copy of DOD's written comments is included in appendix II.

Background

The drawdown of equipment and personnel from Iraq is a highly complex operation of significant magnitude. According to DOD, as of February 2010, there were approximately 98,100 U.S. military personnel in Iraq, spread among 228 bases throughout the country. Additionally, as of February 2010, the Army reported that there were approximately 3.1 million pieces of equipment in Iraq, worth almost \$28 billion, about 20 percent of which is DOD owned, theater provided equipment, which is a pool of permanent stay behind equipment that has accumulated in Iraq since combat operations began in 2003. Theater provided equipment includes both standard and non-standard equipment. Standard equipment refers to those items authorized on a military unit's modified table of organization and equipment.⁹ Non-standard equipment refers to equipment issued to units that is not authorized on their modified table of organization and equipment, and includes a wide range of items such as construction equipment, materiel handling equipment, flat screen televisions, certain types of radios, and Mine Resistant Ambush Protected vehicles (MRAP). Figure 1 provides a more detailed breakdown of the U.S. Army equipment in Iraq.

⁹ A modified table of organization and equipment documents the specific types and amounts of equipment Army units are authorized to have.

Figure 1: Breakdown of U.S. Army Equipment in Iraq as of February 2010



Source: GAO analysis based on DOD data.

Note: Percentages do not add to 100 percent due to rounding.

The logistics infrastructure supporting the redeployment and retrograde effort in the Iraqi theater of operations is large and complex, consisting of military organizations operating in both Iraq and Kuwait, and it is through Kuwait's three seaports and two airports that the majority of U.S. forces, materiel, and equipment flow from the theater of operations.¹⁰ Moreover, myriad logistics organizations in both Iraq and Kuwait also support these operations, including elements of CENTCOM, U.S. Transportation Command, the Defense Logistics Agency, U.S. Army Central (ARCENT), the 1st Theater Sustainment Command, Army Materiel Command, U.S. Marine Corps Central Command, U.S. Naval Forces Central Command, U.S. Air Forces Central Command, and U.S. Special Operations Command. According to our previous reports and testimonies on Operations Desert Shield and Desert Storm, the retrograde of materiel and equipment is

¹⁰ DOD has also initiated plans to use other ports in Jordan, Turkey, and Iraq to facilitate the retrograde of materiel and equipment out of Iraq. However, at present, the majority of materiel and equipment exits through Kuwait.

likely to consume the most time and resources throughout the drawdown effort.¹¹

We have also reported extensively on the use of contractor personnel for combat and logistics support and the need for improvements in the management of contractors used to support military operations.¹² DOD contracted services needed in Iraq and Kuwait as the drawdown progresses fall under two general categories: (1) services that will need to be decreased as the U.S. military presence declines and (2) services for which demand may temporarily increase due to drawdown-specific needs, such as transporting equipment for retrograde. Contracted services can be further categorized as those services provided under LOGCAP, including the majority of base and life support in Iraq such as meals, sleeping arrangements and laundry services, transportation within Iraq, and postal services, and those not provided by LOGCAP, such as security guards for bases.

¹¹ See GAO, *Operation Desert Storm: DOD's Funding Actions Relating to Leftover Inventories*, [GAO/NSIAD-93-143FS](#) (Washington, D.C.: Apr. 26, 1993); *Materiel Disposal: Alleged Improper Disposition and Destruction of Serviceable Materiel and Supplies in Saudi Arabia*, [GAO/NSIAD-93-139R](#) (Washington, D.C.: Mar. 11, 1993); *Operation Desert Storm: Lack of Accountability Over Materiel During Redeployment*, [GAO/NSIAD-92-258](#) (Washington, D.C.: Sept. 23, 1992); and *Desert Shield/Storm Logistics: Observations by U.S. Military Personnel*, [GAO/NSIAD-92-26](#) (Washington, D.C.: Nov. 13, 1991).

¹² See GAO, *Military Operations: High-Level DOD Action Needed to Address Long-standing Problems with Management and Oversight of Contractors Supporting Deployed Forces*, [GAO-07-145](#) (Washington, D.C.: Dec. 18, 2006) and *Military Operations: Contractors Provide Vital Services to Deployed Forces but Are Not Adequately Addressed in DOD Plans*, [GAO-03-695](#) (Washington, D.C.: June 24, 2003).

Coordinated Plans and New Organizations Have Facilitated Progress in the Drawdown from Iraq, but DOD Has Yet to Plan for All Contracted Support Needed During the Drawdown

A number of DOD organizations have issued plans outlining a phased drawdown from Iraq that meet time frames set forth in the Security Agreement and presidential guidance while being responsive to security conditions on the ground. Furthermore, in accordance with these plans, DOD created several organizations to facilitate the retrograde of equipment and support unity of effort,¹³ and established goals and metrics to track its progress. According to DOD, these efforts to date contributed to the meeting or exceeding of targets for drawing down forces and retrograding equipment. However, while DOD has made significant progress executing the drawdown, there remains a large amount of personnel, equipment, and bases yet to be drawn down within the established timelines. Moreover, DOD has yet to fully plan for contracted services needed during the drawdown.

DOD Has Issued Plans for the Drawdown, Taken Steps Toward Executing Them, and Exceeded Some Targets

Beginning in May 2009, MNF-I and its subordinate command responsible for executing the drawdown from Iraq, Multi-National Corps-Iraq (MNC-I); Headquarters, Department of the Army; and USF-I issued coordinated plans outlining how the drawdown of military and contractor personnel, equipment, and bases should be managed over time. These plans support DOD's goals for reducing, by August 31, 2010: (1) the number of military personnel to 50,000, (2) the number of contractor personnel to 55,000 while increasing the proportion of Iraqi contractor personnel, and (3) the number of bases to 134. In addition, to mitigate the risk of bottlenecks of equipment during the later phases of the drawdown, commanders were directed to identify organizational equipment and theater provided equipment no longer essential for ongoing operations and turn it in for retrograde. Accordingly, MNC-I set a goal of retrograding 1,500 non-mission essential items of rolling stock per month until April 2010, and 2,500 per month after this date to reach a level of 16,500 of these items remaining in Iraq by the change-of-mission date. Similarly, MNC-I set a goal of drawing down 3,000 containers full of other equipment through April 2010, and then 3,800 containers per month after that date, leaving 17,000 containers worth of non-rolling stock in Iraq.

¹³ Unity of effort requires coordination and cooperation among all forces toward a commonly recognized objective, although they are not necessarily part of the same command structure. Joint Publication 1, *Doctrine for the Armed Forces of the United States* (Mar. 20, 2009).

In support of its plans DOD created several organizations to oversee the drawdown and ensure unity of effort. In September 2008, we reported that the variety of organizations exercising influence over the retrograde process and the resultant lack of a unified or coordinated command structure was not consistent with joint doctrine, which led to confusion and inefficiencies in the retrograde process. To bolster unity of effort, MNF-I established a new organization, the Drawdown Fusion Center, to provide a strategic picture of drawdown operations, identify potential obstacles, address strategic issues, and assist in the development of policy and guidance related to several aspects of the drawdown. Assisting the Drawdown Fusion Center was ARCENT's Support Element-Iraq, a liaison element established to enhance synchronization and coordination among MNF-I; MNC-I; ARCENT; Headquarters, Department of the Army; and Army Materiel Command. This organization also generated theater and Department of the Army disposition guidance for all forces and materiel redeploying and retrograding out of Iraq. USF-I has subsequently integrated the Drawdown Fusion Center, ARCENT's Support Element-Iraq, and the MNF-I and MNC-I logistics offices into one organization under the USF-I Logistics Directorate. Moreover, it has established a Drawdown Synchronization Center as the single entity within USF-I responsible for synchronizing, analyzing, and capturing drawdown data and then disseminating the data to the appropriate DOD organizations. Finally, in order to assist with the provision of disposition instructions for materiel retrograding out of Iraq and synchronize those instructions with the reset of Army equipment, the Department of the Army, with Army Materiel Command as the lead agency, created a Responsible Reset Task Force.¹⁴

The drawdown from Iraq commenced with the publication of MNF-I's plan in May 2009. According to the metrics DOD established to track drawdown progress, efforts to reduce personnel and retrograde equipment in the initial months of the drawdown exceeded targeted goals. For example, according to USF-I, as of February 8, 2010, there were just over 98,100 servicemembers in Iraq, approximately 3,200 fewer than had been projected. In addition, as of January 2010, DOD retrograded 2,610 more

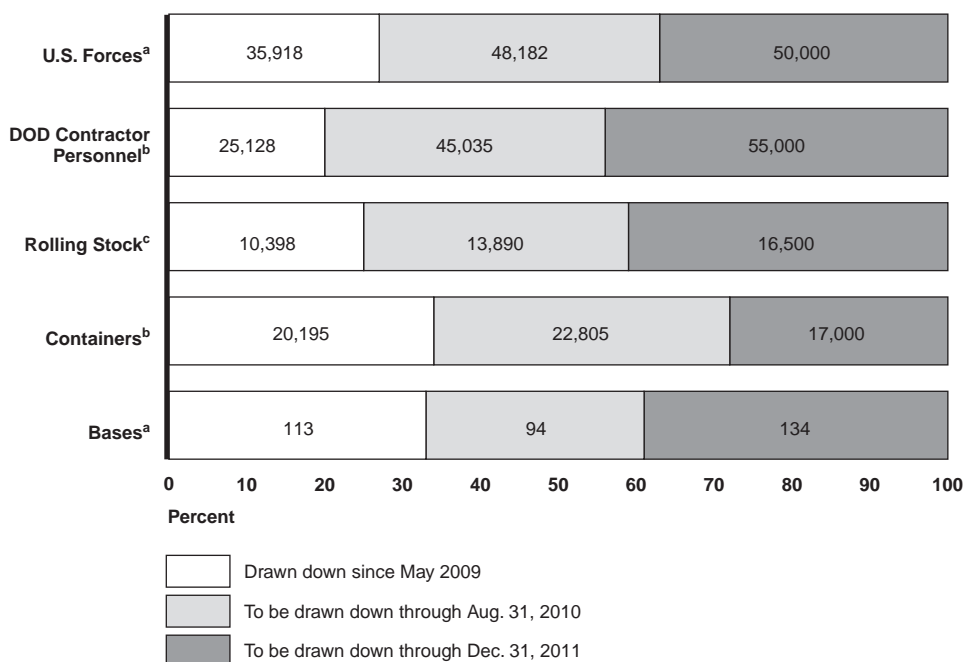
¹⁴ We use the term "reset" to refer to the repair, recapitalization, and replacement of military equipment in order to restore units' equipment to a desired level of combat capability commensurate with mission requirements and availability of resources.

pieces of rolling stock than projected and, as of December 2009, 5,195 more containers of equipment than projected.¹⁵

While DOD's progress since May 2009 exceeded some of its targets, a large amount of personnel, equipment, and bases remain to be drawn down within the established timelines. To meet the presidential target of reducing the number of U.S. forces in Iraq to 50,000 by August 31, 2010, USF-I must reduce its present force by almost 50 percent by this summer. Furthermore, to meet other drawdown targets for August 31, 2010, USF-I must draw down 45 percent of its contractor personnel workforce, retrograde 46 percent of its rolling stock, and close 41 percent of its bases in Iraq. The remaining forces, contractor personnel, and equipment will have to be drawn down during the final 16 months, from August 31, 2010 to December 31, 2011, during which time some of the largest bases in Iraq will also have to be closed or transferred to the Government of Iraq, a task the commanding general of USF-I stated could take 9 to 10 months to complete. Figure 2 illustrates the numbers of U.S. forces, contractor personnel, rolling stock, containers, and bases that have already been drawn down; what must be drawn down before the August 31, 2010 change-of-mission date; and what will remain to be drawn down before December 31, 2011.

¹⁵ Rolling stock is a subset of class VII equipment and includes wheeled vehicles, tracked combat vehicles, wheeled/tracked construction equipment, trailers, semi-trailers, and standard trailer-mounted equipment such as generators.

Figure 2: Drawdown Progress Since May 2009 and What Remains to Be Drawn Down through August 31, 2010, and December 31, 2011



Source: GAO analysis based on DOD data.

^aData current as of December 2009.

^bData current as of January 2010.

^cData current as of February 2010.

While DOD Has Planned for Some Contracted Services Needed to Support the Drawdown, Challenges Remain

DOD took some steps to plan for and source contracted services needed during the drawdown. For instance, DOD planned for some LOGCAP requirements needed during the drawdown, including the number of transportation systems, Army post offices, and logistics support services required at specific bases. According to DOD documentation, operational commands in Iraq validated these requirements for LOGCAP at the bases that will remain open past August 31, 2010, and communicated these requirements to the LOGCAP program office which, in turn, took steps toward awarding the LOGCAP task orders. Additionally, other supporting contracting organizations in Iraq took steps to meet the needs for non-LOGCAP services that were identified as required by military units or other deployed organizations. For example, the Joint Contracting Command-Iraq/Afghanistan, an organization that manages non-LOGCAP service contracts, which comprise about 20 percent of all contracts in Iraq, plans to expand its use of theaterwide contracts to provide food services,

medical support, fire protection, facilities and housing, and other base and life support needs.

Despite these steps, limited operational planning for contracted support has challenged USF-I's ability to identify the full range of its needs for contracted services to support the drawdown. According to joint doctrine and service guidance, operational personnel who plan, support, and execute military operations must also determine the contracted support needed to accomplish their missions. In Iraq and Kuwait, these operational personnel include combat force commanders, base commanders, and logistics personnel, among others, who are responsible for determining the best approach to accomplish their assigned tasks and, if the approach includes contractors, identifying the types and levels of contracted support needed. Army guidance also states that planning for contracted support must be integrated early in the deliberate planning process to ensure that it is adequately considered and that it must include specific requirements identified by operational personnel, such as the identification of the full extent of contractor involvement and how and where contracted support should be provided.¹⁶ MNF-I's drawdown plan, however, delegated the responsibility for determining contracted support requirements to contracting agencies, such as the Joint Contracting Command-Iraq/Afghanistan, rather than to operational personnel. But according to Joint Contracting Command-Iraq/Afghanistan officials, they could not determine the theaterwide levels of contracted services required, or plan for mandated reductions based on those needs, because they lack sufficient, relevant information on future requirements for contracted services, information that should have been provided by operational personnel. For example, according to MNF-I documentation, during an October 2009 meeting between operational personnel and contracting officials, MNF-I reiterated that the levels of contracted services ultimately needed in Iraq during the drawdown were unknown. This is consistent with an overarching weakness identified by a Joint Staff task force, which recognized limited, if any, visibility of contracted support and plans and a lack of requirements definition. As a result, rather than relying on information based on operationally driven requirements for contracted services, MNF-I planned for, and USF-I is subsequently tracking, the reduction of contracted support in Iraq using historical ratios

¹⁶ Army Field Manual 3-100.21 (100-21), *Contractors on the Battlefield* (Jan. 3, 2003). While this guidance is Army-specific, it was incorporated by reference into the MNF-I drawdown plan.

of contractor personnel to servicemembers in Iraq, which may not accurately reflect the actual levels of contracted support needed during the drawdown. Although several DOD officials have stated that uncertainties associated with the changing operational environment in Iraq hinders DOD's ability to project the full range of contracted services needed, joint doctrine emphasizes that planning entails making logical and realistic assumptions and does not demand certainty, and that plans can be adjusted to reflect changes on the ground.¹⁷ Without incorporating appropriately specific details on contract support in its operational planning for the drawdown, USF-I risks hindering the communication of contract-related decisions to those who must implement and execute them, including decisions about funding, deployment and redeployment, operational and life support, force protection, and the location of contractors on the battlefield. Further, this may continue to limit USF-I's ability to plan for the full range of contracted services needed during the drawdown and jeopardize its ability to provide the right service at the right place and time.

Timely planning for contracted services needed to support the drawdown is also critical in order to avoid potential waste and ensure continuity of services. USF-I guidance, however, may not allow sufficient time for all contracted services needed during the drawdown to be put on contract in a responsible manner. Sound business practices specify that the full definition of requirements for contracted services should occur as early as possible to ensure the personnel responsible for putting the needed services on contract can do so on time and at the agreed-upon cost.¹⁸ If operational personnel fail to communicate their needs for contracted services with enough lead time for contracting officials to put these services on contract responsibly, DOD may incur unnecessary costs by authorizing undefinitized contract actions, as it has in the past, which allow contractors to begin work before reaching a final agreement on contract terms and conditions, including price. While a contract action remains undefinitized, the contractor has little incentive to control costs, creating the potential for waste. In addition, a lack of timely planning for contract support may lead to other poor outcomes, such as increased cost, lengthened schedules, underperformance, and service delays. According

¹⁷ Joint Publication 5-0, *Joint Operation Planning* (Dec. 26, 2006).

¹⁸ GAO, *Defense Management: Actions Needed to Overcome Long-Standing Challenges with Weapon Systems Acquisition and Service Contract Management*, [GAO-09-362T](#) (Washington, D.C.: Feb. 11, 2009).

to MNF-I's plan and the former Joint Contracting Command-Iraq/Afghanistan commander, DOD's need for contracted services in Iraq, such as security, transportation, engineers, and materiel handling teams, may temporarily increase during the drawdown. Officials have also acknowledged that additional contractor personnel will be needed to provide services currently being provided by U.S. forces as these forces redeploy. For example, DOD officials stated that they contracted for airfield painting in Iraq and Kuwait because the servicemembers normally responsible for this task had redeployed, and that similar requirements regularly surface. As a result, senior contracting officials in Iraq expressed concern that the needs for some services may increase beyond levels available under existing contracts as the drawdown progresses. Because increasing the level of existing services or adding new ones may necessitate new contracts, additional time may be necessary to obtain these services. For example, contracting officials in Iraq stated that obtaining additional contracted security services outside of existing contracts would take about five months, compared to about three months necessary to increase the levels of services already on contract. Further, USF-I's goal to increase the proportion of Iraqi contractors may entail greater lead time to put these vendors' services on contract because it may take longer to review Iraqi vendor proposals. Yet USF-I's standard operating procedures for requirements validation in Iraq only state that personnel should submit requirements for contracted services at least 90 days prior to the date funding is needed. Without directing operational personnel in Iraq to identify requirements for services with enough time for contracting officials to responsibly put them on contract, DOD increases its risk of not being able to obtain these services on time, or employing inefficient contracting practices such as undefinitized contract actions.

Although DOD has established new organizations that are intended to facilitate efficient contracting during the drawdown, it has not clarified how these contracting organizations differ from one another or specified how they fit into the requirements identification and validation process. In accordance with joint doctrine and Army guidance, when planning for contractor support, planners must be aware of the operational principle of centralized contracting management to achieve unity of effort.¹⁹ Centralized management can be achieved through means intended to

¹⁹ Joint Publication 4-10, *Operational Contract Support* (Oct 17, 2008) and Army Field Manual 3-100.21.

synchronize and coordinate all contracting support actions being planned for and executed in the operational area. The MNF-I drawdown plan called for the Joint Logistics Procurement Support Board, composed of senior operational personnel and contracting officials, to reduce costs and redundant contracting and develop and promote strategies for coordinating approaches to common or similar requirements. However, MNF-I's drawdown plan also referred similar functions to the Strategic Sourcing Board, which also includes members from both the operational and contracting communities. Officials' statements and DOD documentation illustrate differing views of the composition, roles, and responsibilities of these boards, such as the extent to which these boards review requirements for contracted services. For example, senior contracting officials told us that the Joint Logistics Procurement Support Board is responsible for collecting contract requirements as they emerge, yet one of these officials later told us that this board does not gather contract requirements. Moreover, USF-I's process by which operational personnel and contracting officials review and validate requirements for contracted services includes two other boards—the Joint Facilities and Acquisition Review Board and the Contract Review Board—yet it is unclear how the previously mentioned Joint Logistics Procurement Support Board or the Strategic Sourcing Board fit into USF-I's process, nor how these boards differ from one another. As a result, the specific functions of the Joint Logistics Procurement Support Board and the Strategic Sourcing Board, and the relationship of these boards to USF-I's established processes, are unclear. Without clarifying the responsibilities of these boards and how they fit into the existing requirements validation process, DOD may not be able to ensure contracting unity of effort so that its requirements for contracted services needed during the drawdown are effectively consolidated and prioritized.

Several Additional Challenges May Affect the Efficient Execution of the Drawdown

Efficient execution of the drawdown from Iraq may be complicated by several challenges. First, challenges associated with the planned simultaneous transition of several key contracts may lead to the interruption of vital services and wasteful contracting practices. Second, insufficient analysis to quantify the costs and benefits of transitioning the LOGCAP contract in Iraq prevents DOD from ensuring that the transition will be beneficial to the government. Third, persistent shortages of contract oversight personnel may increase the potential for fraud, waste, and abuse. Fourth, a lack of clarity concerning the extent to which and for how long equipment retrograded from Iraq may be staged in Kuwait or other locations in southwest Asia may affect DOD's plans for reset and equipping. And lastly, DOD lacks complete visibility over its inventory of

equipment and shipping containers. DOD is aware of and has begun addressing some of these issues. For example, DOD is in the process of implementing new systems and procedures to improve its equipment disposition process. In addition, units in Iraq were required to complete a 100 percent inventory of their equipment, identify equipment that can be immediately retrograded, and account for previously undocumented equipment. Despite these efforts, however, challenges remain.

Near-Simultaneous Transition of Key Contracts Creates Risk for Interruption of Services

Lessons learned and documented during the LOGCAP transition in Kuwait indicate that other upcoming major contract transitions may be problematic. With the exception of the LOGCAP contract for Iraq, which is discussed in more detail below, four other major service contracts in Iraq and Kuwait, which provide field support maintenance, base and life support, and convoy trucking services, have reached their expiration dates.²⁰ According to USF-I and Joint Contracting Command-Iraq/Afghanistan leadership, the services provided under these contracts, particularly in areas like maintenance and convoy trucking, are critical to mission success, highlighting the need to ensure continuity of these services during the drawdown. These four contracts, plus LOGCAP III in Iraq, are scheduled to be transitioned to new contracts or task orders between January 2010 and January 2012.²¹ According to Army Sustainment Command officials, DOD has re-competed one of the maintenance contracts and made an award in October 2009.²² However, it has not yet awarded new contracts for two other contracts which have already expired, and the first task order to be awarded under the new LOGCAP was delayed.

Contract transition can be a time-consuming process requiring careful planning and management, and lessons learned during the LOGCAP transition in Kuwait indicate that the upcoming major contract transitions may be problematic. In light of the transition from LOGCAP III to LOGCAP

²⁰ These are, respectively, the Global Maintenance and Supply Services contracts for Iraq and Kuwait, which expired in September 2009 but were extended to December 2009; the Combat Service Support-Kuwait contract, which expired in July 2009 but was extended until December 2009; and the HEAVYLIFT VI contract, which expired in January 2010 but was extended until March 2010.

²¹ The new contracts will be awarded under Field Installation Readiness Support Team, Kuwait Base Operations and Security Support Services, and HEAVYLIFT VII respectively.

²² The Global Maintenance and Supply Support-Iraq contract was re-competed and a task order was issued in October 2009.

IV in Kuwait, which occurred between February and June 2009, the Army, in conjunction with the Defense Contract Management Agency, created a lessons learned document to help inform planners of potential challenges they may face in managing future contract transitions. These lessons are particularly relevant given that contract management officials predict that the challenges experienced during the earlier transitions will likely be magnified during those scheduled to occur during the drawdown. According to Army guidance on the lessons learned process, lessons learned, which can result from an evaluation or observation of a positive finding worthy of continuing or emulating, should be integrated into planning activities in order to better prepare for future operations.²³

One of the main lessons learned during the LOGCAP transition in Kuwait is that communication is the most essential element of the transition process. Accordingly, the Kuwait LOGCAP transition lessons learned document lists 10 practices used successfully during the transition in Kuwait to ensure effective communication between the government, outgoing contractor, and incoming contractor. For example, during the LOGCAP transition in Kuwait, representatives of the government, outgoing contractor, and incoming contractor formed an integrated planning team to ensure a common understanding of their respective roles, responsibilities, and approaches for executing the transition. In light of the positive results which could be achieved through these practices, the lessons learned document contains 11 recommendations to ensure continued effective communication that are applicable to future contract transitions. Accordingly, Army Material Command's LOGCAP transition plan references the lessons learned document and establishes a synchronized methodology for ensuring effective information exchange and a common operational picture, such as by requiring kick-off meetings and rehearsal of concept drills. However, information from Army officials indicates that the plans for transitioning other major contracts may not be as extensive. Without extensive planning, to include steps necessary to establish and maintain effective communications such as those outlined in the lessons learned document, DOD may be unable to ensure that major contracts in Iraq will transition smoothly as the drawdown progresses.

Transferring personnel between contracts is another key challenge identified in the lessons learned document. Certain contracted positions require specialized skills and experience. For example, operating the

²³ Army Regulation 11-33, *Army Lessons Learned Program* (Oct. 17, 2006).

material handling equipment used to bring containers to wash racks for cleaning and customs inspection requires a materiel handling equipment license.²⁴ Because the supply of personnel with this skill and qualification is limited, incoming contractors rely on hiring personnel who worked under the outgoing contract rather than hiring new personnel. Moreover, according to the lessons learned document, during the LOGCAP transition in Kuwait the incoming contractor intended to hire at least 80 percent of the outgoing contractor's personnel to begin providing services according to schedule. Yet the outgoing contractor needed to retain its employees to continue to provide the services for which it was contracted. As a result, although the incoming and outgoing contractors agreed to a protocol for transferring employees, poor execution at some sites led to staffing shortages and some service interruptions. For example, according to the lessons learned document, a shortage of personnel available to operate large machinery in Kuwait forced officials to shut down the wash racks, which are critical to maintaining the flow of equipment out of Kuwait. According to a DOD report, analogous problems arising from an insufficient number of properly skilled and experienced workers have also been experienced during the LOGCAP transition in Afghanistan. A senior contracting official in Iraq expressed concern that similar challenges will occur during the drawdown as other contracts transition. Moreover, although the LOGCAP transition plan specified steps to facilitate the transfer of the outgoing contractors' pool of trained individuals to the incoming vendor should these personnel decide to seek employment, it does not assess the risk of an insufficient number of these personnel deciding to work for the incoming contractor. Furthermore, the extent to which any of these issues are addressed for the other contracts scheduled for transition is unclear. Joint doctrine states that effective contract support planning must be based on a thorough mission analysis, including an assessment of risks.²⁵ Without assessing the risk of an insufficient number of properly skilled and experienced contractor personnel available under each of the new contracts and developing appropriate mitigation strategies, DOD may not be able to ensure the full performance of tasks critical to the drawdown during the upcoming contract transitions.

²⁴ Prior to returning to the United States all materiel and equipment must be cleaned to U.S. Department of Agriculture standards. To meet these standards of cleanliness, all materiel vehicles returning to the United States are pressure washed on wash racks in Kuwait.

²⁵ Joint Publication 4-10, *Operational Contract Support* (Oct. 17, 2008) and Joint Publication 5-0.

Issuing credentials to contractor personnel was another major challenge experienced during the LOGCAP transition in Kuwait. Of all contract transition issues, the need for timely credentialing, which includes badges such as common access cards and other location-specific badges, has caused some of the greatest concerns, according to DOD officials. According to those officials, DOD requires new badges for contractor personnel following contract transitions, regardless of whether a new contractor wins the award, because credentials are tied to specific contracts. According to the lessons learned document, this credentialing process can take between two and three weeks to complete. Consequently, contractors experienced delays in credentialing their employees during the LOGCAP transition in Kuwait. This may be exacerbated during contract transitions in Iraq because of the planned increase in the proportion of Iraqi nationals working under contract and the fact that obtaining credentials for them typically takes more time than it does for contractor personnel of other nationalities. Moreover, the contractor responsible for operating the credentialing office in Kuwait is also transitioning as a part of the Kuwait base and life support services contract, which may, in turn, create additional delays and illustrates a potential difficulty in conducting multiple, near-simultaneous contract transitions. Although the LOGCAP transition plan includes a process for facilitating the credentialing process for contractor personnel, neither this plan nor DOD's other planning documents address possible stresses on credentialing offices that might occur during these contract transitions. Without fully incorporating the risks inherent to conducting multiple contract transitions concurrently into its planning for each contract scheduled to transition, including options to mitigate those risks derived from key lessons learned during the LOGCAP transition in Kuwait, DOD may be unable to effectively manage the timely transition of these contracts and prevent the interruption of key services needed to facilitate mission success during the drawdown. This is especially true because these transitions may need to occur within compressed time frames due to delays in awarding key contracts.

DOD Has Not Determined Whether the Potential Benefits of Transitioning LOGCAP in Iraq Outweigh the Potential Costs and Risks

Although the current active LOGCAP contract in Iraq, LOGCAP III, does not expire until after U.S. forces are scheduled to leave Iraq, officials plan to transition LOGCAP III to other means of contracted support in the midst of the drawdown. Specifically, USF-I plans to transition base and life support, logistics, transportation, and postal functions currently provided by LOGCAP III to other contracts, including LOGCAP IV, the Air Force Contract Augmentation Program, and individual sustainment contracts with Iraqi contractors.²⁶ These transitions are expected to be completed by December 2010, although, according to LOGCAP officials, some of the locations at which base and life support services will transition remain uncertain. And while the LOGCAP transition in Iraq is intended to produce certain benefits, these benefits may not be fully attainable within the drawdown timelines, and may be outweighed by costs and risks that could be incurred during the transition. An analysis of whether the potential benefits of this transition outweigh the potential costs and risks is part of the planning and review process for transitioning to LOGCAP IV and other service contracts. Acquisition planning is intended to “ensure that the Government meets its needs in the most effective, economical, and timely manner.”²⁷ To this end, acquisition plans should include an examination of costs, risks, and other considerations, such as feasible alternatives and the impact of prior acquisitions.²⁸ Further, DOD guidance states that service acquisitions should receive adequate planning and management, including senior level reviews and in some instances independent management reviews, to achieve required cost, schedule, and performance outcomes.²⁹

Although officials anticipate benefits from making the LOGCAP transition in Iraq, these benefits may not be fully realized. Senior DOD officials have stated that the rationale for making the transition away from LOGCAP III in Iraq includes reducing the cost of base and life support services,

²⁶ Sustainment contracts provide supplies and services to deployed U.S. forces, such as food services and housing.

²⁷ Federal Acquisition Regulation (FAR) § 7.102(b).

²⁸ FAR § 7.105(a). One consideration could be the availability of options under existing contracts, which may generally be exercised if they are the “most advantageous” method of fulfilling the government’s needs based on price and other factors, such as continuity and potential costs of disrupting operations. FAR § 17.207.

²⁹ DOD Instruction 5000.02, *Operation of the Defense Acquisition System*, encl. 9 (Dec. 8, 2008) and Memorandum from the Office of the Under Secretary of Defense (Acquisition, Technology, and Logistics), *Peer Reviews of Contracts for Supplies and Services* (Sep. 29, 2008).

mitigating the risks associated with relying on a single contractor to provide essential services, and bolstering the Iraqi economy by transitioning services to local Iraqi vendors. However, these anticipated benefits may not be fully realized since DOD will have only until December 31, 2011, to realize potential cost savings before the U.S. military completely withdraws. This may leave insufficient time to recoup transition costs, compensate the government for taking on risk, and provide value to the government.

In addition to the uncertainty regarding the realization of anticipated benefits from the LOGCAP transition in Iraq, DOD will likely incur additional costs and risks during the transition. Costs may increase because the outgoing and incoming contractors will need to perform work simultaneously to avoid the interruption of services, thereby increasing the number of contractor personnel needed to facilitate the transition. The LOGCAP transition in Iraq may also increase the contract management and oversight responsibilities for operational commanders, who play a significant role in the management and oversight of the LOGCAP contractor. For example, the Army requires commanders to periodically evaluate their contractors' performance and provide feedback to the contractor during monthly performance evaluation boards. Because the Army intends to award several task orders for base and logistics services, possibly to multiple contractors, the number of monthly evaluations could increase for some commanders. Furthermore, an increase in the number of contracts and contractors during the transition may complicate commanders' abilities to obtain essential contracted support. Under the current LOGCAP III contract in Iraq, commanders generally need to speak with one program manager to obtain the full range of contracted services. Under LOGCAP IV, however, services may be divided among multiple contractors for any particular location. As a result, the task of determining how to obtain particular services and correcting service problems may divert commanders' limited resources from other responsibilities. Therefore, should the upcoming LOGCAP transition in Iraq proceed as planned, commanders will need to overcome challenges on which we have previously reported, such as inexperience in dealing with contractors, uncertainty regarding oversight responsibilities, and the inability to

dedicate resources for oversight, or DOD risks having inadequate management and oversight.³⁰

The planned LOGCAP transition in Iraq may also impact the continuity and quality of service provided to the warfighter. While service disruptions like those experienced during the transition to LOGCAP IV in Kuwait caused only temporary inconveniences, similar service disruptions in a continuously evolving environment like Iraq have a greater potential for negatively impacting ongoing operations. For example, according to a senior Defense Contract Management Agency official responsible for contract management and oversight in Iraq, there is concern about DOD's plan to begin transitioning the theater transportation mission, since it could require a new contractor to assume the mission just as the department undertakes a significant troop level reduction planned for March-April 2010. Executing the rapid movement of troops and equipment out of Iraq will require significant truck assets, and transitioning the mission to a new contractor that must be immediately capable of providing 23,000 trucks and accompanying crews could be daunting. Transitioning contracts to local vendors may also impact the quality of services provided to the warfighter. Commanders in Iraq have already noted that some base and life support services that were being provided to U.S. forces through newly transitioned contracts managed by local vendors have not met the level of quality U.S. forces expect. Service interruptions and inefficiencies have also been experienced in Kuwait as a result of transitioning to local vendors.

Finally, limited oversight resources coupled with a projected significant increase in oversight demands during the LOGCAP transition in Iraq heightens the risk of waste. The successful transition from LOGCAP III to multiple base and life support contractors requires a large number of government oversight personnel, as the transition from LOGCAP III to LOGCAP IV in Kuwait demonstrated. However, overseeing the LOGCAP transition in Iraq will be an added responsibility for the Defense Contract Management Agency, which is also responsible for the day-to-day management and administration of the LOGCAP III contractor, private

³⁰ GAO, *Military Operations: Implementation of Existing Guidance and Other Actions Needed to Improve DOD's Oversight and Management of Contractors in Future Operations*, [GAO-08-436T](#) (Washington, D.C.: Jan. 24, 2008) and *Military Operations: High Level DOD Action Needed to Address Longstanding Problems with the Management and Oversight of Contractors Supporting Deployed Forces*, [GAO-07-145](#) (Washington, D.C.: Dec. 18, 2006).

security contracts, and the Air Force Contract Augmentation Program. A Defense Contract Management Agency official expressed concern about conducting LOGCAP transitions at multiple locations simultaneously throughout Iraq because this will require a greater number of oversight personnel than consecutive transitions at single locations. For example, Defense Contract Management Agency officials cited insufficient numbers of property administrators available to transfer billions of dollars worth of property from LOGCAP III to one of several dozen possible contracts. These personnel shortages may delay the transfer of property, such as materiel handling equipment critical for loading, unloading, and moving containers which, in turn, may inhibit the timely retrograde of equipment from Iraq. According to DOD documentation, similar difficulties in managing government property are currently complicating the transition of LOGCAP III to LOGCAP IV in Afghanistan.

During its planning and review process for the planned transition from LOGCAP III to LOGCAP IV and other service contracts in Iraq, DOD has not determined whether the benefits of the transition will outweigh the costs and risks that could be incurred as a result. DOD has, during its acquisition planning, analyzed potential benefits and risks of transitioning the overarching LOGCAP IV contract worldwide. In addition, it has taken some steps to mitigate the risk of transitioning LOGCAP in Iraq, such as planning to transition base and life support from LOGCAP III to LOGCAP IV mainly on the bases that will remain under U.S. control after August 31, 2010. However, according to DOD officials, DOD has not analyzed the benefits of transitioning LOGCAP specifically for the major task orders it plans to award in Iraq. Given the unique circumstances in Iraq, where the anticipated benefits of making the LOGCAP transition may not be fully realized due to drawdown timelines and additional costs and risks the transition will incur, the current plan for LOGCAP transition in Iraq warrants additional consideration through DOD's planning and review process. This is particularly important in light of the fluid nature of ongoing operations in Iraq, and the significant congressional interest in LOGCAP issues. In fact, according to CENTCOM, external pressure based on expectations of enhanced competition and reduced costs is the driving force behind the transition. Without adequate planning and review to identify and weigh the potential benefits, costs, and risks of making the LOGCAP transition in Iraq, DOD cannot ensure the transition will meet benefit expectations while minimizing the impacts of additional costs and risks.

Long-Standing Contract Oversight Personnel Shortages Could Increase Potential for Fraud, Waste, and Abuse during the Drawdown

DOD's long-standing inability to provide an adequate number of trained oversight personnel in deployed locations will continue to challenge the department as it proceeds through the drawdown in Iraq despite apparent improvements in the number of contracting officer's representatives (COR) assigned to contracts administered by the Defense Contract Management Agency. Joint doctrine emphasizes that commanders must ensure appropriate administration and oversight personnel are in place when using contractors.³¹ Although contracting officers are responsible for providing contract oversight, day-to-day oversight of contractors is generally the responsibility of CORs, who ensure that the government receives the agreed-upon services at the agreed-upon quality, avoids poor outcomes, and minimizes fraudulent practices. According to DOD documentation, it had been the Defense Contract Management Agency's policy for the LOGCAP contract that a COR would be designated for each contractor-provided service at the location of the service. According to Defense Contract Management Agency officials and documentation, in recognition that units in Iraq were unable to provide all the needed CORs to oversee all aspects of the LOGCAP contract, the Defense Contract Management Agency now recommends that units assign CORs only to key services—which they define as high- and medium-risk services.³² Conversely, the new policy does not require units to provide CORs for services it considers low risk to mission success. Since implementing this policy, the Defense Contract Management Agency has reduced its requirement for CORs in Iraq from 1,000 in October 2009 to 580 in January 2010, and anticipates that it will be able to reduce the COR requirement further as it continues to designate additional services as low risk. Although the percentage of filled LOGCAP COR requirements has increased from 85 percent in November 2009 to 94 percent in January 2010 because of this policy, we have not evaluated the effectiveness of this risk-based approach to contract oversight. However, because this policy is specific to Defense Contract Management Agency oversight of LOGCAP, it does not apply to contracts awarded by the Joint Contracting Command-Iraq/Afghanistan, which in a recent update to USF-I's drawdown plan, was given the goal of maximizing the use of Iraqi firms in its contracting efforts for drawdown-related requirements. According to senior officials in Iraq,

³¹ Joint Publication 4-10.

³² High- and medium-risk services are those services which, if provided in a manner inconsistent with the contract, would have a negative impact on mission success or be harmful to life, health, and safety. Dining facilities and power generation are considered high-risk services, while postal operations are considered medium risk.

local national contractors frequently require more oversight than U.S. firms because, as the former Joint Contracting Command-Iraq/Afghanistan commander explained, Iraqi firms lack experience, have limited capacity, are less capable than their U.S. counterparts, are unfamiliar with U.S. quality standards and expectations, and lack the quality control processes that U.S. firms have in place. Furthermore, according to DOD documents, some services, such as ice production, cannot be reduced despite a reduction in force levels, yet when force levels decrease, so does the pool of available CORs since CORs are drawn from military units. In addition, in some cases, USF-I is likely to require additional contract services to replace capabilities previously provided by the military. In its drawdown plan, for example, MNF-I anticipated an increase in the use of private security contractors, an increase that could require additional CORs depending on the types of services being provided and the location of the services. Without adequate contract oversight personnel in place to monitor its many contracts during the drawdown, DOD may not be able to obtain reasonable assurance that contractors are meeting their contract requirements efficiently and effectively at each location, especially given its planned increased reliance on Iraqi contractors.

Shortages in available contract oversight personnel may also increase the risk of wasteful practices as the drawdown progresses. For example, an Army unit in Kuwait responsible for ensuring the steady flow of equipment out of Kuwait and for conducting certain maintenance tasks has 32 government personnel but oversees more than 3,000 contractor personnel. In January 2010, Army Materiel Command requested funding to double, to approximately 800, the number of this unit's contractor personnel that conduct retrograde-specific tasks, including receiving, accounting for, sorting, and moving equipment, necessary to prevent equipment backlogs in Kuwait. In addition, according to contracting officials, this unit has requested a concurrent increase in oversight personnel. In July 2009, this unit identified the lack of oversight personnel as a significant concern to successfully moving equipment out of Kuwait. Given that these services will transition to a new contract which has not yet been awarded, it is unclear whether the current request will represent the total increase in contractor personnel needed during the drawdown, and thus whether sufficient oversight personnel will be in place as the drawdown progresses. Further, until the current request is filled, this unit risks not having the necessary oversight personnel in place, as has been the case in the past. In January 2008, we reported that this unit did not have adequate

staff to conduct oversight of an equipment maintenance contract in Kuwait.³³ As a result of the vacant oversight positions, its personnel were unable to fully monitor contractor performance. Further, we noted that poor contractor performance resulted in this unit spending \$4.2 million to rework items that were initially presented to the Army as meeting contract standards but subsequently failed inspection. We have reported on DOD's inability to provide an adequate number of oversight personnel in CENTCOM's theater since 2004.³⁴ For example, in 2008 we reported that the Army assigned seven CORs to provide oversight for about 8,300 linguists in 120 locations across Iraq and Afghanistan. In one case, a single person provided oversight for linguists stationed at more than 40 different locations spread throughout the theater of operations. Officials responsible for the contract agreed that there were not enough CORs to effectively oversee the contract.³⁵

Improvements to the Equipment Disposition Process Have Been Made but Some Decisions Yet Remain

According to DOD officials, it is essential that equipment move out of Iraq and Kuwait at a steady pace to accommodate the large amount of equipment needing to be retrograded within the drawdown time frames. This was underscored in a DOD report to Congress that stated that the successful removal, demilitarization, or transfer by the end of December 2011 of all items belonging to DOD is contingent upon the timely receipt of disposition instructions, among other factors.³⁶ Hence, the issuance of disposition instructions, which dictate where a specific piece of equipment will be shipped after it is no longer needed in Iraq, is a critical component of the retrograde process, a fact we highlighted in our September 2008 report. Ensuring timely equipment disposition has therefore been a focus for officials in Iraq and Kuwait as they plan for and execute the drawdown. Specifically, their planning assumes that 90 percent of theater provided equipment being retrograded will have disposition instructions before it

³³ GAO, *Defense Logistics: The Army Needs to Implement an Effective Management and Oversight Plan for the Equipment Maintenance Contract in Kuwait*, [GAO-08-316R](#) (Washington, D.C.: Jan. 22, 2008).

³⁴ For a summary, see [GAO-08-436T](#).

³⁵ GAO, *Military Operations: DOD Needs to Address Contract Oversight and Quality Assurance Issues for Contracts Used to Support Contingency Operations*, [GAO-08-1087](#) (Washington, D.C.: Sept. 26, 2008).

³⁶ DOD, *Measuring Stability and Security in Iraq: September 2009 Report to Congress In accordance with the Department of Defense Supplemental Appropriations Act 2008 (Section 9204, Public Law 110-252)* (September 2009).

leaves Iraq, which they consider an essential step toward ensuring this equipment does not sit idle for long periods of time in Kuwait.

Partly in response to our September 2008 report, representatives from the Secretary of Defense's Lean Six Sigma office conducted six reviews to optimize theater logistics, one of which focused on the process for retrograding equipment from Iraq, including the issuance of disposition instructions.³⁷ Results from the Lean Six Sigma studies influenced the development of a new data system—the Theater Provided Equipment Planner—which is intended to automate the issuance of disposition instructions for theater provided equipment while the equipment is still in Iraq, and to document all decisions for centralized visibility. Although its implementation was initially delayed, according to USF-I the system became fully operational on January 11, 2010, following a successful test during which disposition instructions were issued for over 25,000 items of equipment. Complementing the Theater Provided Equipment Planner is a second system, the Materiel Enterprise Non-Standard Equipment database, into which the Army's Life Cycle Management Commands are cataloging all types of non-standard equipment in Iraq in order to facilitate its retrograde. According to USF-I, the Materiel Enterprise Non-Standard Equipment database has improved management and accountability of non-standard equipment, although we have not assessed this claim.

From the perspective of ARCENT, Army Materiel Command, and Headquarters, Department of the Army, responsibly drawing down forces from Iraq requires maintaining a steady flow of equipment through Kuwait and onward to other locations. For example, the Army Materiel Command commander defines success as the smooth, efficient redeployment and redistribution of materiel to sources of repair or disposal facilities, which will enable regeneration of combat power for the Army. This view corresponds with Army Materiel Command's mission and responsibilities, and reflects limiting factors in Kuwait such as storage capacity. According to senior logistics officials from the Office of the Secretary of Defense, they are looking to the military departments to ensure the smooth onward movement and redistribution of their retrograded equipment to meet current mission needs, rebalance their respective services, or satisfy

³⁷ Lean Six Sigma, a disciplined process improvement methodology, has been endorsed by DOD leadership as a key means by which the department will become more efficient in its operations and more effective in its support of the warfighter. On April 30, 2007, the Deputy Secretary of Defense directed the establishment of a program office to drive DOD-wide activities associated with Lean Six Sigma.

future requirements. For example, Army officials told us that there are no plans to store any equipment, including MRAPs, in Kuwait. In fact, the Army has a preliminary strategy for incorporating MRAPs into its manned ground vehicle fleet, which may likely include adding these vehicles to transportation, medical, and explosive ordnance disposal unit modified tables of organization and equipment, while other MRAPs are to be shipped to military installations for use during predeployment training. However, given the amount of equipment that is and will continue to flow out of Iraq and through Kuwait, it is important that DOD develop contingency plans for the staging of this equipment or pursue alternative retrograde hubs. This is imperative to avoid equipment build-up in Kuwait as equipment awaits onward movement to its designated final destination. According to Army officials, much of this planning has been accomplished or is currently underway, although we have not yet assessed these plans.

Decisions that have not yet been made about the Army's future composition and equipment reset contribute to the current lack of final disposition instructions for some equipment being retrograded out of Iraq. For example, the Army has not decided what equipment and how much of each type of equipment it will transfer to Army Prepositioned Stocks³⁸ and Theater Sustainment Stocks.³⁹ Similarly, its strategy for incorporating MRAPs into its manned ground vehicle fleet is still pending final approval. In addition, Army officials stated they are considering changing one or more heavy brigade combat teams into Stryker brigade combat teams, a decision that will have a direct effect on equipment allocation. Other factors also add uncertainty to the disposition of equipment. For example, while the Army has taken steps to streamline the reset induction process for equipment in Iraq, disposition for reset depends on when the equipment is retrograded from Iraq and its condition. Finally, until recently, decisions were not finalized on the exact quantities and types of equipment that will be transferred from Iraq to Afghanistan to meet surge requirements. Given the amount of equipment being retrograded out of Iraq, and the uncertainty arising from the decisions listed above, there is a degree of risk associated with the potential build-up of equipment in Kuwait, which, as stated above, requires planning for the temporary

³⁸ The Army Prepositioned Stocks program supports the National Military Strategy by strategically prepositioning critical war stocks afloat and ashore worldwide and, thus, reducing the deployment response times of the modular expeditionary Army.

³⁹ Theater Sustainment Stocks are a pool of military equipment in theater that can be used to expedite the replacement of equipment damaged during operations.

staging of this equipment. For example, during our July 2009 visit to Kuwait, officials in charge of a retrograde lot stated that the lot was close to its capacity for holding tactical wheeled vehicles, which occurred in part due to limited capacity to process these vehicles elsewhere. Although the number of tactical wheeled vehicles in this lot has since decreased, the Army has directed the shipment of relatively few tactical wheeled vehicles from Kuwait to other locations, leaving a significant number of vehicles to be retrograded from Kuwait. Without the necessary contingency plans to stage equipment retrograded from Iraq, DOD may not be able to ensure that equipment required elsewhere is available when needed.

**DOD's Lack of Precise
Visibility Over Its
Inventory of Equipment
and Shipping Containers
May Inhibit the Retrograde
or Transfer of Equipment**

The execution of the drawdown from Iraq in accordance with established timelines may also be affected by the lack of a complete and accurate inventory of three broad types of equipment: contractor acquired property,⁴⁰ non-standard equipment, and shipping containers. According to Army data, contractor acquired property and non-standard equipment comprise at least 30 percent of the total DOD property in Iraq as of February 2010. In order to establish a more complete and accurate record of equipment in Iraq, MNF-I directed its subordinate units to complete a 100 percent inventory of their equipment, identify equipment that can be immediately retrograded, and account for previously undocumented equipment by June 27, 2009. According to MNF-I guidance as well as several DOD officials, meeting drawdown requirements and timelines depends upon establishing an accurate and complete inventory of the amount and types of equipment that will have to be retrograded from Iraq.

DOD officials have stated that overall accountability for property in Iraq has improved since 2006, especially with regard to theater provided equipment. In addition, officials stated that the MNF-I order calling for a 100 percent inventory by July 2009 was intended to account for undocumented items, which would then be entered onto unit property books, thereby making commanders responsible for them. The intent was to facilitate drawdown planning and execution by providing commanders an incentive to take action on items that otherwise may not have been factored into their retrograde plans. However, although DOD states that the inventory is complete, previously undocumented equipment continues

⁴⁰ For simplicity, we use the term "contractor acquired property" to include all items that the contractor manages expressly to perform the contract, including items given to the contractor by the U.S. government (government furnished equipment) and items acquired/fabricated by the contractor using U.S. government funds.

to be found every month. Although USF-I's current projections indicate that the amount of equipment that still needs to be brought to record is not sufficient to alter projected transportation requirements, we have not assessed this.

During our visit in July 2009, officials in Iraq and Kuwait stated that, of all categories of equipment, they had the least visibility over contractor acquired property. As of February 2010, records indicate that 19 percent of total Army equipment in Iraq is contractor acquired property. However, officials have stated that although they have high confidence in the accountability of LOGCAP contractor acquired property, they have lower confidence in the accountability of non-LOGCAP contractor acquired property. This is because while contractors are typically required under the terms of their contract to maintain accountability over contractor acquired property, there is no standardized process for doing so, limiting DOD's accountability and visibility over this equipment and frustrating officials' efforts to establish and maintain such visibility.⁴¹ As a result, the total sum of contractor acquired property in Iraq is unknown which may, in turn, adversely affect DOD's ability to efficiently retrograde or transfer this equipment to the Government of Iraq.

In July 2009, ARCENT officials noted they have low confidence in accountability and visibility of non-standard equipment in Iraq, adding another potential risk to their ability to efficiently retrograde this equipment out of Iraq in accordance with established timelines. Moreover, despite recent initiatives such as the implementation of the Materiel Enterprise Non-Standard Equipment database, Army and ARCENT officials stated that obtaining an accurate inventory of non-standard equipment is complicated by the fact that many of these items have multiple identification numbers and that commanders have significant flexibility in accounting for this equipment. For example, a piece of non-standard equipment that is valued at greater than \$5,000 must be recorded on a military unit's property book, but after the value of that item depreciates below the \$5,000 threshold it is left to the individual commander's discretion whether to continue recording the property. In addition, according to ARCENT officials, even when these items are entered onto unit or theater property books, personnel responsible for making these entries have not done so in a consistent format. Not knowing the precise amount and types of non-standard equipment in Iraq further

⁴¹ FAR §§ 45.105, 52.245-1.

contributes to planning uncertainty for the organizations tasked with executing the drawdown, and also complicates the task of determining disposition using the Materiel Enterprise Non-Standard Equipment database, as discussed earlier.

Although DOD has taken steps to improve its visibility over shipping containers available to retrograde equipment from Iraq, the number of containers in Iraq remains uncertain. Containers are unique in that not only are they items that have to be retrograded from Iraq, they are also a primary means of shipping non-rolling stock out of Iraq. During our July 2009 visit to Kuwait, ARCENT officials responsible for overseeing and managing containers in Iraq and Kuwait told us that the data system in place to track containers is inaccurate and incomplete primarily because unit personnel in Iraq had not updated the system every time a container left or arrived at a particular location. These officials also explained that units did not always have personnel available to monitor container flows and update the data system and that those personnel who were available received this tasking as an extra duty, which limited proper data entry. As a result, a September 2009 DOD report based on the data from this system indicated that the system was, at best, 25 percent accurate; that the location of 7,000 containers remained unverified; and that the serviceability—the extent to which the containers were seaworthy and thus available to retrograde equipment—of 39 percent was also unknown. Moreover, many containers in Iraq have been used for storage, office space, and living quarters, among other purposes, yet had not been documented as such. In an effort to improve visibility over containers, in May 2009, MNC-I issued an order directing a 100 percent inventory of containers in Iraq, including instructions for reporting their serviceability. According to DOD data, as of September 21, 2009, approximately 53,000 containers had been physically inventoried, which was more than 24,000 fewer than the number of containers entered into the data system. Subsequently, in an update to its drawdown plan USF-I added a container management plan which directed the appointment of container control officers at multiple levels of command to ensure accountability through monthly inventories, among other responsibilities, and established a list of prohibited container uses, including using them as offices and living quarters. Although this plan calls for container control officers to record the movements of containers as they enter or leave a location and establishes procedures to locate containers in case these movements are not properly recorded, it requires that only some of these officers be appointed container control officers as a primary duty. As a result, USF-I's container management plan may not fully alleviate the root cause, as identified by ARCENT officials, of poor container accountability. Further,

the monthly container inventory requirement existed prior to the new USF-I container management plan yet, during our visit to Kuwait in July 2009, we observed that these inventories were not always completed as directed. Finally, according to CENTCOM, personnel in Iraq and Kuwait report different levels of container accountability system accuracy, although these personnel are working together to rectify the discrepancies. Until these efforts are complete, the number of containers available to retrograde equipment from Iraq remains uncertain.

DOD has taken steps to mitigate uncertainty regarding the number of containers it will need to retrograde equipment from Iraq and adjust its tracking of container retrograde. For example, to ensure that it has sufficient containers available to retrograde equipment, DOD operates two container repair facilities in Iraq and Kuwait that repair damaged containers to a standard at which they can be used to ship equipment. In July 2009, we visited a container repair facility in Kuwait that could repair between 15 and 20 containers per day that otherwise would remain unavailable for use. According to USF-I, its present container repair capability has increased to 3,000 containers per month. Additionally, officials have stated that DOD can buy additional containers as needed for the drawdown. Specifically, officials stated that, if needed, DOD could purchase about 30,000 containers and have them available for use in less than 2 months. Finally, in its metrics to track the retrograde of non-rolling stock, USF-I no longer uses containers as a unit of measure, focusing instead on the movement of individual pieces of equipment, which officials believe will provide them with greater operational flexibility and greater fidelity in forecasting transportation requirements. As a result of these efforts, USF-I anticipates that it will have sufficient containers on hand to complete the drawdown from Iraq. While DOD's efforts to ensure the availability of containers for the drawdown and track their retrograde appear to be positive steps, their effects are still somewhat uncertain.

Poor unit container loading practices and insufficient efforts to document some containerized equipment have also presented challenges. During our visit to Kuwait in July 2009, U.S. Navy customs officials told us that about 60 percent of unit owned containers shipped from Iraq to Kuwait must be unloaded and repacked in Kuwait because units in Iraq did not affix or fill out the proper customs documentation. As a result, customs officials had to unpack, re-inspect, and then repack the containers, which slowed the flow of equipment through the retrograde process in Kuwait and required significant man-hours, unnecessarily taxing an already limited pool of available experienced customs inspectors. In addition, during our July 2009 visit to Kuwait, officials stated that a large proportion of equipment

sent to a retrograde lot for unserviceable items was not properly documented. As a result, the process of unloading and sorting the contents of these containers took longer than it otherwise would have, and although the process for unloading and documenting the items appeared orderly and the lot was nearly empty, personnel expected the flow of such containers to increase significantly as the drawdown progressed. This was underscored during a subsequent GAO visit to Kuwait in December 2009, when we observed undocumented containers and unidentified equipment that had filled a large portion of the staging area at a parts warehouse. While commands in Iraq and Kuwait have noted that improved process controls and additional training have been implemented, we have not evaluated these controls nor have we received updated information on the magnitude of containers with improper documentation. Further, USF-I has issued new guidance to improve container packing discipline. Although this guidance is a positive step in that it requires proper container packaging to avoid damage during shipment, it does not ensure that unit personnel properly document equipment or, for equipment shipped to the United States, affix the correct customs documentation to the containers.

Conclusions

The drawdown of equipment and personnel from Iraq is a highly complex operation of significant magnitude that is being conducted in a continuously evolving environment during a period of Iraqi political uncertainty. It is also an operation governed by timelines set by the Security Agreement and the President and requires for its execution the involvement of several DOD organizations. Moreover, it is an operation that may be impacted by the President's decision, announced in December 2009, to increase the size of the U.S. force in Afghanistan by an additional 30,000 troops, a decision that will require the development of synchronized plans addressing operations in both countries.

Much has been done to facilitate the drawdown from Iraq. For example, to ensure unity of effort, the DOD organizations most closely associated with the drawdown have issued coordinated plans outlining the specific means by which their respective drawdown-related tasks will be accomplished. Furthermore, several new DOD organizations have been created to oversee and help synchronize the effort, and goals and metrics have been established to measure progress. According to DOD reports, these efforts to date have contributed to the meeting or exceeding of established goals for drawing down forces and retrograding equipment.

However, while DOD has made significant progress executing the drawdown, there remains a large amount of personnel, equipment, and

bases yet to be drawn down, and several actions needed to facilitate this are incomplete. For example, while DOD has taken some steps to plan for its needs for contracted services as the drawdown progresses, the full extent of contracted services needed during the drawdown remains uncertain. Without an awareness of the spectrum of contracted services available and planning for the necessary contracted services during the drawdown, DOD may not be able to efficiently arrange for the contracted services necessary to support the drawdown, which may result in service gaps or opportunities for wasteful contracting practices. Moreover, without addressing challenges related to contract transitions and contract oversight, DOD increases the potential for fraud, waste, and abuse. And finally, a failure to efficiently manage and retrograde equipment from Iraq, especially high-demand items such as MRAPs, will likely impact DOD's ability to get that equipment to wherever it is needed next. If these challenges delay the movement of equipment out of Iraq, the 50,000 U.S. forces remaining in Iraq after August 31, 2010, will likely have a greater workload than currently anticipated, which may strain logistics and transportation systems and thereby impact their ability to close bases, oversee contractors, provide security, train the Iraqi security forces, and complete equipment retrograde. While DOD has begun to address some of these issues, none of them has yet been fully resolved.

Recommendations

To facilitate DOD's ability to efficiently conduct the drawdown of U.S. forces and equipment from Iraq in accordance with established timelines, we recommend that the Secretary of Defense direct the appropriate authorities to:

- Ensure that joint doctrine regarding operational planning for contract support is followed and that operational personnel identify contract support requirements in a timely manner to avoid potential waste and abuse and facilitate the continuity of services;
- Ensure unity of effort in contract management is attained through the clarification of the roles and responsibilities of the various contract review boards in the CENTCOM theater;
- Assess and develop options to mitigate the risks associated with the upcoming simultaneous contract transitions in Iraq and Kuwait;
- Conduct an analysis of the benefits, costs, and risks of transitioning from LOGCAP III to LOGCAP IV and other service contracts in Iraq under current withdrawal timelines to determine the most efficient and effective means for providing essential services during the drawdown;
- Evaluate the risk of having too few qualified contract oversight personnel in light of the planned proportional increase in the number

of Iraqi contractors during the drawdown and take steps to rectify, if needed;

- Clarify in existing planning the extent to which Kuwait and other locations in southwest Asia can support the temporary staging of equipment and materiel retrograded from Iraq while DOD is finalizing the disposition instructions for certain types of equipment.

Agency Comments and Our Evaluation

In written comments on a draft of this report, DOD concurred with our first five recommendations listed above, but did not concur with an earlier version of our last recommendation. In its comments regarding the first five recommendations, the department highlighted a number of corrective actions it is taking to (1) improve contract support and contract management in the CENTCOM theater and (2) mitigate the risks associated with upcoming concurrent contract transitions, including the planned transition from LOGCAP III to LOGCAP IV in Iraq. Regarding our first recommendation, DOD commented that it recognizes that improvements can be made to DOD's planning for contractor support and stated that the Joint Staff is working to improve strategic guidance, processes and tools available to plan for contracted support through the Chairman's Operational Contract Support Task Force. DOD also commented that it recognizes the need for better synchronization between operational needs and contractor activities and, to that end, CENTCOM has taken steps to increase visibility and synchronization of operational contract support through initiatives such as the creation of the Joint Theater Support Contracting Command, instituting a Joint Contracting Support Board, and collaborating with the Joint Staff to improve guidance. DOD also agreed with our second recommendation and commented that the importance of unity of contract management through clarification of roles and responsibilities cannot be overstated. DOD further commented that, although the functions of various boards are articulated in Joint Publication 4-10, *Operational Contract Support*, the Joint Staff is recommending that new guidance on the roles and responsibilities of the various boards be incorporated in CENTCOM's pending fragmentary order that will establish the Joint Theater Support Contracting Command. With regard to our third recommendation, DOD stated that a soon-to-be-released fragmentary order will require the standup of a Joint Contracting Support Board, with participation by all those delivering or executing contracted support in Iraq, Afghanistan, Kuwait, and Pakistan, and expects that this forum will help mitigate risks associated with contract transitions. In response to our fourth recommendation, DOD stated that the Army has completed an analysis of the benefits, costs, and risks of transitioning from LOGCAP III to LOGCAP IV in Iraq and is in the process

of assessing options to ensure that essential services are provided in the most effective and efficient manner. DOD also stated that the risk factors of going from LOGCAP III to LOGCAP IV will be based on operational conditions on the ground, and it will direct the appropriate authorities to provide the results of its analysis and corresponding courses of action to the CENTCOM commander to ensure operational risks are taken into account before going forward. Finally, regarding our fifth recommendation, DOD commented that the Contingency Contracting Administration Services Executive Steering Group has identified that the risk of having too few qualified contract oversight personnel in light of the planned proportional increase in the number of Iraqi contractors during the drawdown is a concern and has established a working group to study the matter and provide recommendations to mitigate the risks.

In its comments regarding a previous version of our last recommendation that the Secretary of Defense direct the appropriate authorities to clarify in existing planning the extent to which Kuwait and other locations in southwest Asia can support the storage of equipment and materiel retrograded from Iraq, including the types of equipment and length of time it can be stored given possible requirements for the equipment elsewhere, DOD did not concur and commented that this recommendation was based on what it believed was a misinterpretation of statements made by senior DOD officials, taken out of context. Specifically, DOD commented that the section in our draft report that discussed the equipment disposition process for moving equipment out of Iraq and Kuwait misstated DOD's policy regarding the speed at which equipment would be evacuated from Kuwait, and what GAO saw as the potential equipment build-up and long-term equipment storage in Kuwait that could result. As a result of DOD's comments and subsequent meetings with senior officials from the Office of the Secretary of Defense and Department of the Army, we revised this section of the report, other related references throughout the report, and the related recommendation. Specifically, we revised these sections of the report to reflect the department's position that, although equipment will be temporarily staged in Kuwait prior to its shipment elsewhere, there are no plans for long-term storage of equipment in Kuwait other than equipment stored in the Army's Prepositioned Stocks. These officials subsequently commented that the information contained in this final report, as revised, is both accurate and reflective of the views of senior DOD officials.

The department also provided a number of general and technical comments that we considered and incorporated, as appropriate. A complete copy of DOD's written comments is included in appendix II.

We are sending copies of this report to the appropriate congressional committees; the Secretary of Defense; the Secretaries of the Army, the Navy, and the Air Force; and the Commandant of the Marine Corps. We will also make copies available to others on request. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

Should you or your staff have any questions on the matters discussed in this report, please contact me at (202) 512-8365 or solisw@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this letter. GAO staff who made key contributions to this report are listed in appendix III.

A handwritten signature in black ink, appearing to read 'W. Solis', with a long horizontal flourish extending to the right.

William M. Solis, Director
Defense Capabilities and Management

List of Congressional Committees

The Honorable Carl Levin
Chairman
The Honorable John McCain
Ranking Member
Committee on Armed Services
United States Senate

The Honorable Daniel Inouye
Chairman
The Honorable Thad Cochran
Ranking Member
Subcommittee on Defense
Committee on Appropriations
United States Senate

The Honorable Ike Skelton
Chairman
The Honorable Howard P. "Buck" McKeon
Ranking Member
Committee on Armed Services
House of Representatives

The Honorable Norman D. Dicks
Chairman
The Honorable C.W. Bill Young
Ranking Member
Subcommittee on Defense
Committee on Appropriations
House of Representatives

The Honorable John F. Tierney
Chairman
The Honorable Jeff Flake
Ranking Member
Subcommittee on National Security and Foreign Affairs
Committee on Oversight and Government Reform
House of Representatives

Appendix I: Scope and Methodology

To determine the extent to which DOD has planned for the drawdown and how these plans conform to the established timelines, we reviewed and analyzed the major plans that guide the execution of drawdown, including those published by CENTCOM, MNC-I, Headquarters, Department of the Army, MNF-I, and USF-I. We also reviewed other relevant documents, including command briefings, the Security Agreement between the United States and the Republic of Iraq, and transcripts of speeches in which the president established timelines for the drawdown of forces from Iraq. Additionally, we spoke with officials at many levels of the chain of command involved in the preparation and execution of drawdown plans to include: the Office of the Secretary of Defense, which worked with commanders in Iraq to weigh the merits of contending plans for the drawdown; the Joint Staff; U.S. Transportation Command; CENTCOM; ARCENT; MNF-I; USF-I; and MNC-I. We also spoke with officials from myriad supporting commands including Army Materiel Command, Army Sustainment Command; Joint Contracting Command-Iraq/Afghanistan; the Defense Contract Management Agency; the Defense Logistics Agency; Army Contracting Command; and the LOGCAP Program Executive Office. In support of this effort, we traveled to Kuwait and Iraq in July 2009, where we reviewed documents and interviewed DOD officials most directly involved with the execution of drawdown plans. We spoke with officials and reviewed documents from new organizations created to oversee, synchronize, and ensure unity of effort for the retrograde of equipment, including the Drawdown Fusion Center; U.S. ARCENT's Support Element-Iraq; and Army Materiel Command's Responsible Reset Task Force. Moreover, we observed the processes instituted to facilitate the drawdown, including the Theater Provided Equipment Planner and the Materiel Enterprise Non-Standard Equipment system. Throughout the engagement, the team relied upon staff working from our Baghdad Field Office to conduct interviews with officials in theater and to periodically refresh key information.

To identify factors that may impact the efficient execution of the drawdown we reviewed DOD plans and interviewed officials in the United States, Iraq, and Kuwait on issues that may hamper the progress of the drawdown. In Iraq and Kuwait, we conducted over 60 interviews in which we learned about potential obstacles to the efficient execution of drawdown. We spoke with officials from: MNF-I, USF-I, MNC-I, Multi-National Security Transition Command-Iraq, Joint Contracting Command-Iraq/Afghanistan, ARCENT, U.S. Marine Corps Central, U.S. Air Force Central, U.S. Navy Central, U.S. Army Corps of Engineers, and the MRAP Program Executive Office. We also interviewed officials in the United States, including officials from CENTCOM, Army Sustainment Command,

Army Materiel Command, and U.S. Transportation Command, to further inquire about challenges that may compromise the efficient execution of the drawdown, and to corroborate observations we made while in Kuwait and Iraq. We also obtained and analyzed relevant documents, including those pertaining to equipment transfers between the United States and the Government of Iraq, the retrograde of certain types of non-standard equipment, and the management and oversight of contract personnel. Our travel also enabled us to observe key elements of the retrograde process, including customs inspections, container repair facilities, systems used to issue disposition instructions, Retrograde Property Assistance Team yards, central receiving and processing lots, and management of Defense Reutilization Marketing Offices. Again, we also relied upon staff working from our Baghdad Field Office to conduct follow-up interviews with officials, travel to Kuwait to observe a drawdown rehearsal exercise, and periodically update key information. Finally, we used our body of issued work examining Iraq and drawdown-related issues as a basis of comparison to identify areas in which DOD has made improvements to its drawdown planning, as well as areas in which it continues to face challenges.

We conducted our audit from January 2009 through March 2010 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Comments from the Department of Defense



LOGISTICS AND
MATERIEL READINESS

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
3500 DEFENSE PENTAGON
WASHINGTON, DC 20301-3500

APR 15 2010

Mr. William M. Solis
Director, Defense Capabilities and Management
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Mr. Solis:

This is the Department of Defense (DoD) response to the GAO Draft Report, GAO-10-376, "OPERATION IRAQI FREEDOM: Actions Needed to Facilitate the Efficient Drawdown of U.S. forces and Equipment from Iraq", dated March 5, 2010 (GAO Code 351429). Detailed comments on the report recommendations are enclosed.

The draft report also does not accurately capture the statements made by senior officials in DoD and the Army. For example, there is an inaccurate assumption that the Department of Defense intends to store equipment in Kuwait and a misrepresentation of the facts that led to the final recommendation.

We appreciate the opportunity to comment on the draft report. Technical comments were provided separately for your consideration. Should you have any questions, please contact Mr. Kevin Doxey, kevin.doxey@osd.mil, 703-697-1368.

Sincerely,

Alan F. Estevez
Principal Deputy

Enclosure:
As stated

**GAO Draft Report Dated March 5, 2010
GAO-10-376 (GAO CODE 351429)**

“OPERATION IRAQI FREEDOM: Actions Needed to Facilitate the
Efficient Drawdown of U.S. forces and Equipment from Iraq”

**DEPARTMENT OF DEFENSE COMMENTS
TO THE GAO RECOMMENDATIONS**

RECOMMENDATION 1: The GAO recommends that the Secretary of Defense direct the appropriate authorities to ensure that joint doctrine regarding operational planning for contract support is followed and that operational personnel identify contract support requirements in a timely manner to avoid potential waste and abuse and facilitate the continuity of services. (Page 39/GAO Draft Report)

DOD RESPONSE: Concur

The DoD agrees that according to joint doctrine and service guidance, operational personnel who plan, support, and execute military operations must also determine contracted support needed to accomplish their missions. We recognize improvements can be made in DoD’s planning for contractor support. The Joint Staff is working to improve strategic guidance, processes and tools available to plan for contracted support via the Chairman’s Operational Contract Support Task Force. This includes, but is not limited to, inclusion of OCS planning equities in the Guidance for the Development of the Force (GDF), Guidance for the Employment of the Force, Joint Strategic Capabilities Plan (JSCP), and the Joint Operation Planning and Execution System (JOPEs). With respect to the draw-down, there needs to be additional operational planning that clearly signals the additional or decreased levels of contracted support, which the Joint Contracting Command-Iraq/Afghanistan (JCC-IA) and other contracting authorities could act upon. We recognize the need for synchronization between operational needs and contractor activities. U.S. Central Command (USCENTCOM) has taken steps to mitigate risks in this area, to increase visibility and synchronization of Operational Contract Support (OCS) through several initiatives, such as creating the Joint Theater Support Contracting Command (JTSCC), instituting a Joint Contracting Support Board (JCSB) and collaborating with the Joint Staff to improve guidance.

RECOMMENDATION 2: The GAO recommends that the Secretary of Defense direct the appropriate authorities to ensure unity in contract management is attained through the clarification of the roles and responsibilities of the various contract review boards in the CENTCOM Theater. (Page 39/GAO Draft Report).

DOD RESPONSE: Concur

The DoD agrees that the importance of ensuring the unity of contract management through clarification of roles and responsibilities cannot be overstated. The functions of various boards

are articulated in JP-4-10, Operational Contract Support. USCENTCOM has established monthly Commandant Commanders Logistics Procurement Support Boards (CLPSBs) with their Service components. JCC-I/A hosts monthly Joint Logistics Procurement Support Boards (JLPSBs) in Iraq. Similarly, U.S. Army Forces Central Command hosts a monthly JLPSB for Kuwait. US Forces-Afghanistan hosts an Inter-departmental Combined Joint Logistics Procurement Support Board (ICJLPSB) for contracting in Afghanistan. USCENTCOM Regulations 715-1, Contracting Operations, outlines the roles of these Boards. The JTSCC, once established, will be responsible for hosting a JCSB with all contracting activities with performance in Iraq, Kuwait, Afghanistan and Pakistan. In light of this transition, the Joint Staff is recommending USCENTCOM incorporate new guidance on the roles and responsibilities of various boards in their pending JTSCC Fragmentary order (FRAGO). Ongoing OUSD(AT&L) efforts to improve Theater Business Clearance policies, processes and tools should improve this as well.

RECOMMENDATION 3: The GAO recommends that the Secretary of Defense direct the appropriate authorities to access and develop options to mitigate the risks associated with the upcoming concurrent contract transitions in Iraq and Kuwait. (Page 39/GAO Draft Report)

DOD RESPONSE: Concur

Contract support and risk management is described in joint doctrine as a responsibility of the CLSPB. JCC-IA is transitioning to a Joint Theater Support Contracting Command, with a direct reporting relationship to USCENTCOM, which should raise the visibility of contract management issues to mitigate risks associated with the drawdown. The pending Fragmentary order requires standup of a Joint Contracting Support Board, with participation by all those delivering or executing contracted support in Iraq, Afghanistan, Kuwait and Pakistan. This forum will help mitigate risks associated with contract transitions.

RECOMMENDATION 4: The GAO recommends that the Secretary of Defense direct the appropriate authorities to conduct an analysis of the benefits, costs, and risks of transitioning from LOGCAP III to LOGCAP IV and other service contracts in Iraq under current withdrawal timelines, to determine the most efficient and effective means for providing essential services during the drawdown. (Page 39/GAO Draft Report)

DOD RESPONSE: Concur

The Army has completed an analysis of the benefits, costs, and risks of transitioning from LOGCAP III to LOGCAP IV and is in the process of assessing options to ensure that essential services are provided in the most effective and efficient manner. However, the risk factors of going from LOGCAP III to LOGCAP IV will be based on the operational conditions on the ground. The Department will direct the appropriate authorities to provide the results of this analysis and corresponding courses of action to the Combatant Commander to ensure operational risks are taken into account going forward.

RECOMMENDATION 5: The GAO recommends that the Secretary of Defense direct the appropriate authorities to evaluate the risk of having too few contractor oversight personnel in

light of the planned proportional increase in the number of Iraqi contractors during the drawdown and take steps to rectify, if needed. (Page 39/GAO Draft Report)

DOD RESPONSE: Concur

The Contingency Contracting Administration Services (CCAS) Executive Steering Group has identified this as a concern and established a joint working group, led by Defense Procurement and Acquisition Policy (DPAP), to study the matter and provide recommendations to mitigate associated risks.

RECOMMENDATION 6: The GAO recommends that the Secretary of Defense direct the appropriate authorities to clarify in existing planning the extent to which Kuwait and other locations in southwest Asia can support the storage of equipment and materiel retrograded from Iraq, including the types of equipment and length of time it can be stored given possible requirements for the equipment elsewhere. (Page 40/GAO Draft Report)

DOD RESPONSE: Nonconcur

The Department of Defense (DoD) has no intent to store equipment in Kuwait (other than Army Prepositioned Stock). Equipment disposition instructions are issued in Iraq and most equipment moves through Kuwait where it is prepared for onward movement to its final destination – either within the Army Central (ARCENT) Area of Responsibility, or to the Continental United States.

Additionally, at the request of the Joint Staff, RAND conducted a study in March 2009, titled “Withdrawing From Iraq”, which concluded that Kuwait has sufficient capacity to redeploy four-plus Brigades per month, a number that exceeds current planning requirements. In fact, the study found that both the port and ship berthing capacity can exceed four-plus Brigades.

We believe this recommendation is based on a misinterpretation of statements made by senior DoD officials. This misinterpretation of statements has led to an incorrect conclusion / recommendation. The specific comments and corresponding page numbers contributing to this recommendation, which should be deleted from this draft report, are as follows:

- “However, senior officials from the Office of the Secretary of Defense define the drawdown as moving military personnel and equipment out of Iraq and attach less priority to moving equipment out of Kuwait and on to its final destination.” (page 6)
- “Without clarifying in its drawdown plans what is to be done with equipment retrograded from Iraq, to include a determination of the extent to which equipment can be stored in Kuwait or other locations in southwest Asia, DoD may not be able to ensure that equipment required elsewhere or for other initiatives such as reset or equipping will be available.” (page 6)
- “Fourth, a lack of clarity concerning the extent to which and for how long equipment retrograded from Iraq will be stored in Kuwait or other locations in southwest Asia may affect DoD’s plans for reset and equipping.” (page 18)

- "Yet despite these efforts to improve the equipment disposition process for equipment retrograded from Iraq, organizations within DoD differ in how they view the final destination of this equipment." (page 31)
- "However, despite the global scope of their responsibilities, senior logistics officials from the Office of the Secretary of Defense define the drawdown as moving military personnel and equipment out of Iraq and attach less priority to moving equipment out of Kuwait and on to its final destination." (page 31)
- "Thus, the extent to which DoD will use Kuwait or other locations in southwest Asia to store equipment retrograded from Iraq, and for how long, is unclear and may affect other DoD organizations' plans to ensure the smooth flow of equipment out of Iraq, through Kuwait, and on to its final destination." (page 31)
- "Finally, decisions have not been finalized on what additional equipment will be transferred from Iraq to Afghanistan. As a result, equipment retrograded from Iraq may build up in Kuwait awaiting disposition instructions, which, as stated above, would be acceptable outcome for senior DoD logistics officials but which also contradicts the tenets on which officials in Iraq, Kuwait and at the U.S. Army Materiel Command have based their drawdown planning." (page 32)

We recommend the above statements be stricken from the report as they are inaccurate and misrepresentation of the facts.

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

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Acknowledgments

In addition to the contact named above, individuals who made key contributions to this statement include Vincent Balloon, John Bungarner, Carolynn Cavanaugh, Carole Coffey, Timothy DiNapoli, Laurier Fish, Walker Fullerton, Guy LoFaro, Greg Marchand, Emily Norman, Jason Pogacnik, Mark Pross, David Schmitt, Cheryl Weissman, Gerald Winterlin, and Gwyneth Woolwine.

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